

COUNTY OF ALPINE
SINGLE AUDIT REPORT
JUNE 30, 2010

COUNTY OF ALPINE

Single Audit Report For the Year Ended June 30, 2010

Table of Contents

	<u>Page</u>
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1-2
Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	3-5
Schedule of Expenditures of Federal Awards.....	6-8
Notes to Schedule of Expenditures of Federal Awards	9-10
Schedule of Findings and Questioned Costs.....	11-20
Summary Schedule of Prior Audit Findings.....	21-22
Supplementary Schedule of the California Emergency Management Agency Grants Expenditures	23



GALLINA_{LLP}

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Supervisors
County of Alpine
Markleeville, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Alpine (County), as of and for the year ended June 30, 2010, which collectively comprise the County's financial statements and have issued our report thereon dated February 17, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Alpine's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis.

Board of Supervisors
County of Alpine

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 10-FS-1 and 10-FS-2 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Alpine's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The County of Alpine's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County of Alpine's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information of the County management, the Board of Supervisors, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Gallina LLP", is written over a horizontal line.

Roseville, California
February 17, 2011



GALLINA_{LLP}

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

Board of Supervisors
County of Alpine
Markleeville, California

Compliance

We have audited the compliance of the County of Alpine, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County of Alpine's major federal programs for the year ended June 30, 2010. The County of Alpine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County of Alpine's management. Our responsibility is to express an opinion on the County of Alpine's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Alpine's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County of Alpine's compliance with those requirements.

As described in item 10-SA-2 in the accompanying schedule of findings and questioned costs the County did not comply with requirements regarding allowable costs and activities concerning personnel activity reports that are direct and material to its Public Health Emergency Preparedness Program (CFDA No. 93.069). Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements that could have a direct and material effect on that program.

Board of Supervisors
County of Alpine

In our opinion, except for the noncompliance described in the preceding paragraph, the County of Alpine complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. The results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 10-SA-1.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We identified certain deficiencies in internal control over compliance that we consider to be material weaknesses as described in the accompanying schedule of findings and questions costs as items 10-SA-1 and 10-SA-2. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The County of Alpine's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County of Alpine's responses and, accordingly, we express no opinion on the responses.

Board of Supervisors
County of Alpine

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Alpine as of and for the year ended June 30, 2010, and have issued our report thereon dated February 17, 2011 which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The Supplementary Schedule of the California Emergency Management Agency beginning on page 23 has not been subjected to auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

This report is intended solely for the information of the County management, the Board of Supervisors, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Roseville, California
February 17, 2011 as to the portion of this
report regarding the Schedule of
Expenditures of Federal Awards; and
March 14, 2011, as to all other portions of
this report

COUNTY OF ALPINE

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Agriculture</u>			
Passed through State Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	--	\$ 31,243
Subtotal			31,243
Passed through State Controller's Office:			
Schools and Roads – Grants to States	10.665*	--	345,645
Total U.S. Department of Agriculture			376,888
<u>U.S. Department of Commerce</u>			
Direct Program:			
H1N1 Vaccinations	11.206	--	20,736
Passed through California Emergency Management Agency:			
Public Safety Interoperable Communications Grant	11.555*	2007-2008	647,458
Total U.S. Department of Commerce			668,194
<u>U.S. Department of the Interior</u>			
Direct Program:			
Payments in Lieu of Taxes	15.226*	--	138,811
Total U.S. Department of the Interior			138,811
<u>U.S. Department of Justice</u>			
Direct Program:			
COPS Hiring Recovery Program (CHRP)	16.710	2009RKWX0087	33,175
Passed through California Emergency Management Agency:			
Victim Witness Program	16.575	VW09100020	35,992
Anti-Drug Abuse Grant	16.738	DC09200020	146,879
Anti-Drug Abuse Grant	16.738	DC08190020	17,200
Subtotal			200,071

See accompanying Notes to Schedule of Expenditures of Federal Awards.

* Major Program

COUNTY OF ALPINE

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Justice (continued)</u>			
Passed through California Emergency Management Agency:			
Evidence Based Grant	16.001	ZP0901020	\$ 3,558
Total U.S. Department of Justice			<u>236,804</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through State Department of Social Services:			
Family Preservation and Support Services	93.556	--	9,118
Temporary Assistance for Needy Families	93.558	--	36,248
Child Welfare Services – State Grants	93.645	--	12,541
Foster Care – Title IV-E	93.658	--	177,659
Adoption Assistance	93.659	--	23,963
In Home Supportive Services	93.667	--	79,516
Emergency Contingency Fund for TANF	93.714	--	23,679
Subtotal			<u>362,724</u>
Passed through State Department of Health Care Services:			
Medical Assistance Programs	93.778	--	46,169
Maternal and Child Health Services	93.994	--	63,000
Children's Medical Services	93.994	--	31,147
Subtotal			<u>140,316</u>
Passed through State Department of Public Health:			
Public Health Emergency Preparedness Program	93.069*	--	188,694
Hospital Preparedness Program	93.889	--	154,271
Subtotal			<u>342,965</u>
Passed through State Department of Mental Health:			
Substance Abuse and Mental Health Services			
Administration (SAMSHA)	93.958	--	<u>15,237</u>
Passed through State Department of Alcohol and Drug Abuse			
Programs:			
Block Grants for Prevention and Treatment of Substance			
Abuse (SAPT)	93.959*	--	<u>326,409</u>
Total U.S. Department of Health and Human Services			<u>1,187,651</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

* Major Program

COUNTY OF ALPINE

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2010

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Department of Homeland Security</u>			
Direct Program:			
Assistance to Firefighters	97.044	EMW-2009-FO-01291	\$ 47,886
Staffing for Adequate Fire and Emergency Response	97.083	EMW-2006-FF-04730	14,766
Subtotal			<u>62,652</u>
Passed through State Department of Homeland Security:			
FY 07 Homeland Security Grant Program - SHSP	97.073	2007-0008	47,127
FY 08 Homeland Security Grant Program - SHSP	97.073	2008-0006	5,966
FY 09 Homeland Security Grant Program - SHSP	97.073	2009-0019	25,237
FY 07 Homeland Security Grant Program - LETPP	97.074	2007-0008	50,730
Subtotal			<u>129,060</u>
Passed through California Emergency Management Agency:			
Emergency Management Planning Grant FY08	97.042	2008-9	47,645
Emergency Management Planning Grant FY09	97.042	2009-15	80,149
Subtotal			<u>127,794</u>
Total U.S. Department of Homeland Security			<u>319,506</u>
Total Expenditures of Federal Awards			<u>\$ 2,927,854</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

* Major Program

COUNTY OF ALPINE

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2010

Note 1: **Reporting Entity**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the County of Alpine. The County of Alpine's reporting entity is defined in Note 1 to the County's basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the schedule.

Note 2: **Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards is prepared on an accrual basis. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Note 3: **Relationship to Financial Statements**

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, to amounts reported within the County's financial statements. Federal award revenues are reported principally in the County's financial statements as intergovernmental revenues in the General and Special Revenue funds.

Note 4: **Pass-Through Entities' Identifying Number**

When federal awards were received from a pass-through entity; the Schedule of Expenditures of Federal Awards shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the County determined that no identifying number is assigned for the program or the County was unable to obtain an identifying number from the pass-through entity.

Note 5: **Total Federal Awards Expended by CFDA Number**

When there is more than one program under a single CFDA number, the SEFA presents totals of all programs under one CFDA number. Occasionally, however, this total could not be conveniently displayed because all programs under one CFDA number were not contiguous. When this occurred, this total is not shown in the SEFA but instead is provided below:

16.738	\$	164,079
93.994	\$	94,147
97.073	\$	78,330

COUNTY OF ALPINE

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2010

Note 6: **Subrecipients**

Of the federal expenditures presented in the Schedule of Expenditures of Federal Awards, the County of Alpine provided federal awards to subrecipients as follows:

<u>Federal CFDA</u>	<u>Program Title</u>	<u>Amount</u>
93.959	Block Grants for Prevention and Treatment of Substance Abuse (SAPT)	\$ 74,460
	Total	\$ 74,460

Note 7: **Program Clusters**

Federal programs, which must be audited together as a program cluster, include the following:

<u>Federal CFDA</u>	<u>Program Title</u>	<u>Federal Expenditures</u>
<u>Homeland Security Cluster:</u>		
97.073	FY 07 Homeland Security Grant Program – SHSP	\$ 47,127
97.073	FY 08 Homeland Security Grant Program – SHSP	5,966
97.073	FY 09 Homeland Security Grant Program – SHSP	25,237
97.074	FY 07 Homeland Security Grant Program – LETPP	50,730
	TOTAL	\$ 129,060

COUNTY OF ALPINE

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2010

Section 1

Financial Statements

Summary of Auditor's Results

- | | |
|--|---------------|
| 1. Type of auditor's report issued: | Unqualified |
| 2. Internal controls over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | None Reported |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|---|---|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| 2. Type of auditor's report issued on compliance for major programs: | Unqualified for all major programs except for the Public Health Emergency Preparedness program which was qualified. |
| 3. Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)? | Yes |
| 4. Identification of major programs: | |

CFDA Number

10.665	Schools and Roads – Grants to States
11.555	Temporary Assistance for Needy Families
15.226	Foster Care – Title IV-E
93.069	Public Health Emergency Preparedness
93.959	Block Grants for Prevention and Treatment of Substance Abuse (SAPT)

COUNTY OF ALPINE

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2010

Section 1 (continued)

Federal Awards (continued)

Summary of Auditor's Results

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between Type A and Type B programs? | \$300,000 |
| 6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? | No |

Section 2

Financial Statement Findings

Capital Assets	Finding 10-FS-1
Receivables	Finding 10-FS-2

Section 3

Federal Award Findings and Questioned Costs

CFDA 93.959	Finding 10-SA-1
CFDA 93.069	Finding 10-SA-2

COUNTY OF ALPINE

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2010

Finding/Program

Findings/Noncompliance

Finding 10-FS-1

Capital Assets

Reporting Requirement: Material Weakness

Criteria

Accounting for capital assets should be designed to identify, record, control and maintain an accurate inventory of these assets.

Condition

The County's accounting system uses a specific range of account numbers for the recording of capital asset expenditures. During our review of the accounting records, we noted the following inaccuracies:

- Nearly \$178,000 of 2010 purchases were recorded to accounts other than the designated range of accounts for capital asset purchases.
- Retentions of \$102,842 related to ongoing construction projects were omitted.
- Construction expenditures of \$339,113 were capitalized twice.
- Expenditures of \$326,599 did not meet the criteria for capitalization.

Cause

A reconciliation of the amounts in the County's range of capital purchase accounts was not prepared prior to closing the accounting records for the year.

The County does not have a written capital asset purchasing policy and procedure manual that governs the acquisition, use and disposition of the County's capital assets, including self-constructed assets.

Effect of Condition

The aggregate amount of capital assets reported in the county's annual financial statement is incorrect. These errors impact the amount of depreciation taken in future years.

COUNTY OF ALPINE

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2010

<u>Finding/Program</u>	<u>Findings/Noncompliance</u>
Finding 10-FS-1 (continued)	<p><u>Recommendation</u></p> <p>We recommend the County implement a written capital asset purchasing policy designed to control and account for the County's property and equipment. The County should consider incorporating some or all of the following:</p> <ul style="list-style-type: none">• Establish process for approval of capital assets.• Differentiate capital assets from maintenance and repair items.• Establish procedures for identifying construction in progress expenditures and transferring completed projects to the building, improvement or infrastructure asset categories.• Establish minimum dollar thresholds for capitalization.• Set policies for estimating the useful service lives of capital assets.• Set policies for periodically inventorying capital assets.• Set policies for disposition or surplusing of capital assets. <p>We also recommend the Auditor-Controller's Office periodically review the accounting records to ensure that capital asset purchases are not posted to accounts other than those designated for capital assets. Prior to closing the accounting records for the year, the Auditor-Controller's office should reconcile these accounts to the County's fixed asset management system.</p> <p><u>Management Response</u></p> <p>The County will revise and adopt changes to Chapter 2.76 of the Alpine County Code. The changes will include definition of capital asset, establish an approval process of capital assets, establish minimum threshold for capitalization, set requirements or policies for inventorying and for disposing of or surplusing of capital assets. The Auditor-Controller will establish guidelines for estimating the useful life and internal auditing practices to ensure that the accounting records accurately reflect capital asset purchases at least once per fiscal year.</p>

COUNTY OF ALPINE

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2010

Finding/Program

Findings/Noncompliance

Finding 10-FS-2

Accounts Receivable

Criteria

Receivables should include all authentic obligations of third parties owed to the County as of year-end in accordance with the appropriate revenue recognition policies.

Condition

Prior to year-end closing, the Auditor-Controller's Office receives a list of receivables from each department and compiles this into a year-end journal entry to record receivables in the County's accounting system.

During our audit of receivables, we noted collections of prior year revenue in August and September of 2010 which was not recorded as receivables at year-end. We also noted the supporting documentation obtained from departments did not agree to amounts recorded by the Auditor-Controller's Office.

Cause

The Auditor-Controller's Office does not review the documentation provided by the departments prior to recording the receivables. Also, the lack of review of the subsequent deposits received within 90 days of year-end caused the Auditor-Controller's Office to post the revenues in the wrong year.

Effect of Condition

As a result of this situation, we made the following adjustments to receivables:

- Additional receivables of \$53,072 in the Social Services Fund were recorded to agree receivable amount to supporting documentation.
- Additional receivables of \$134,420 in the Miscellaneous Grant Funds were recorded for deposits received during August and September of 2010 that pertained to the prior year.
- Additional receivables of \$17,343 in the Sheriff Anti-Drug Fund were proposed to agree receivable amount to supporting documentation.

COUNTY OF ALPINE

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2010

Finding/Program	Findings/Noncompliance
Finding 10-FS-2 (continued)	<p data-bbox="521 396 740 428"><u>Recommendation</u></p> <p data-bbox="521 464 1442 684">We recommend the Auditor-Controller's Office enhance its year-end closing procedures by performing a more thorough review of the supporting documentation submitted by departments. Also, we recommend the Auditor-Controller's Office perform a more thorough review of deposits made subsequent to year-end to ensure that the recording of receivables is complete.</p> <p data-bbox="521 726 813 758"><u>Management Response</u></p> <p data-bbox="521 793 1442 970">The Auditor's Office will require Departments to submit a report of Receivables. Copies of the request for reimbursement or payment for services will be required with the report, along with documentation for how the amount was derived. The Auditor's Office will review and reconcile revenues received and revenues outstanding.</p>

COUNTY OF ALPINE

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2010

<u>Finding/Program</u>	<u>Findings/Noncompliance</u>
Finding 10-SA-1: Block Grants for Prevention and Treatment of Substance Abuse (SAPT) CFDA 93.959	<i>Federal Grantor: U.S. Department of Health and Human Services</i> <i>Pass-Through Entity: State Department of Alcohol and Drug Abuse</i> <i>Compliance Requirement: Allowable Costs/Activities</i> <i>Reporting Requirement: Material Weakness and Immaterial Non- Compliance in Relation to a Compliance Supplement Audit Objective</i>
Award No. n/a Year: 09/10	<u>Criteria</u> OMB A-87 requires that payroll charged to federal programs be supported by either (1) personnel activity reports, which reflect an after-the-fact distribution of the actual and total activity of each employee, are prepared at least monthly and coincide with one or more pay periods, and are signed by the employee, or (2) an acceptable substitute system for allocating salaries and wages, which <i>quantifiably measures employee effort</i> on the program. OMB A-87 specifically allows for budget estimates, but provides that the budget method of posting employee time must be adjusted to personnel activity reports. Individuals working on only one federal program can sign a statement every six months that they worked only on that program in lieu of preparing personnel activity reports. <u>Condition</u> During our audit, we noted payroll costs charged to SAPT were based on budgetary estimates. The budgetary estimates were not adjusted to actual personnel activity reports. We found no evidence of employee or supervisor signatures on personnel activity reports confirming effort as required by OMB A-87. <u>Questioned Costs</u> Total payroll costs charged to the grant for this employee were \$12,296. Actual questioned costs could not be determined because time records were not kept for the employee. <u>Perspective</u> Of the 8 items sampled 3 were out of compliance resulting in an error rate of 37.5%.

COUNTY OF ALPINE

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2010

Finding/Program

Findings/Noncompliance

Finding 10-SA-1: (continued)

Block Grants for
Prevention and
Treatment of
Substance Abuse
(SAPT)
CFDA 93.959

Effect of Condition

Employee costs are not allowable if the employee is not performing services related to the federal program. Claims based on budgeted estimates for employee time will likely result in incorrect claiming of payroll costs.

Recommendation

We recommend that the requirements of OMB A-87 regarding charges for payroll (described above) be followed. This can be accomplished either by allocating payroll as reported on personnel activity reports initially or by adjusting the budgeted time to personnel activity reports on at least a quarterly basis.

Corrective Action Plan

The requirements of OMB A-87 regarding charges for payroll will be followed. The Auditor's Office will require that payroll for employees allocated to more than one grant program be allocated as reported on personnel activity reports or adjust budgeted time at least quarterly. Departments will be required to use the personnel activity reports to report costs for reimbursement from the granting agency and will be verified for compliance by the Auditor's Office by reviewing the Accounts Receivable report to be required as mentioned in Management's Response in Finding FS-10-02.

The contact person for this corrective action plan is the County Administrative Officer. The County Administrative Officer can be reached at (530) 694-2287.

COUNTY OF ALPINE

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2010

<u>Finding/Program</u>	<u>Findings/Noncompliance</u>
Finding 10-SA-2:	<i>Federal Grantor: U.S. Department of Health and Human Services</i>
Public Health	<i>Pass-Through Entity: State Department of Public Health</i>
Emergency	<i>Compliance Requirement: Allowable Costs/Activities</i>
Preparedness	<i>Reporting Requirement: Material Weakness and Material</i>
(PHEP)	<i>Noncompliance in Relation to a Compliance Requirement</i>
CFDA 93.069	
	<u>Criteria</u>
Award No. n/a	OMB A-87 requires that payroll charged to federal programs be supported by either (1) personnel activity reports, which reflect an after-the-fact distribution of the actual and total activity of each employee, are prepared at least monthly and coincide with one or more pay periods, and are signed by the employee, or (2) an acceptable substitute system for allocating salaries and wages, which <i>quantifiably measures employee effort</i> on the program. OMB A-87 specifically allows for budget estimates, but provides that the budget method of posting employee time must be adjusted to personnel activity reports. Individuals working on only one federal program can sign a statement every six months that they worked only on that program in lieu of preparing personnel activity reports.
Year: 09/10	
	<u>Condition</u>
	During our audit we noted payroll costs for the PHEP program were based on budgetary estimates. The budgetary estimates were not adjusted to actual personnel activity reports. We found no evidence of employee or supervisor signatures on personnel activity reports confirming effort as required by OMB A-87.
	<u>Questioned Costs</u>
	Total payroll costs allocated in this manner were \$141,864. Actual questioned costs could not be determined because time records were not kept for the program.
	<u>Perspective</u>
	Signed personnel activity reports provide evidence of actual time spent working on activities for the grant. Without these it is not possible to verify actual time spent on the program.

COUNTY OF ALPINE

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2010

<u>Finding/Program</u>	<u>Findings/Noncompliance</u>
Finding 10-SA-2: (continued)	<u>Effect of Condition</u>
Public Health Emergency Preparedness (PHEP) CFDA 93.069	Employee costs are not allowable if the employee is not performing services related to the federal program. Claims based on budgeted estimates for employee time will likely result in incorrect claiming of payroll costs.
	<u>Recommendation</u>
	We recommend that the requirements of OMB A-87 regarding charges for payroll (described above) be followed. This can be accomplished either by allocating payroll as reported on personnel activity reports initially or by adjusting the budgeted time to personnel activity reports on at least a quarterly basis.
	<u>Corrective Action Plan</u>
	The requirements of OMB A-87 regarding charges for payroll will be followed. The Auditor's Office will require that payroll for employees allocated to more than one grant program be allocated as reported on personnel activity reports or adjust budgeted time at least quarterly. Departments will be required to use the personnel activity reports to report costs for reimbursement from the granting agency and will be verified for compliance by the Auditor's Office by reviewing the Accounts Receivable report to be required as mentioned in Management's Response in Finding FS-10-02.
	The contact person for this corrective action plan is the Director of Health and Human Services. The Director can be reached at (530) 694-2235.

COUNTY OF ALPINE

Summary Schedule of Prior Audit Findings For the Year Ended June 30, 2010

Audit Reference Number	Status of Prior Year Audit Findings
Finding 09-SA-1	<u>Recommendation</u>
Supplemental Nutrition Assistance Program and State Administrative Matching Grants for the Supplemental Nutrition Assistance Program CFDA 10.551 & 10.561	We recommend that the county perform and document its daily EBT Food Stamp reconciliations. The county might consider using a spreadsheet which cumulatively shows the reconciliations, along with maintaining the backup on reconciling items for at least one year.
	<u>Status</u>
	Implemented
Award No. n/a Year: 2008/2009	
Finding 09-SA-2	<u>Recommendation</u>
Supplemental Nutrition Assistance Program and State Administrative Matching Grants for the Supplemental Nutrition Assistance Program CFDA 10.551 & 10.561	We recommend that the county have one individual who interviews the applicants and places their benefits into the system and another employee who embosses the EBT cards and assists the applicants with assigning a pin code to their EBT card.
	<u>Status</u>
	Implemented
Award No. n/a Year: 2008/2009	

COUNTY OF ALPINE

Summary Schedule of Prior Audit Findings For the Year Ended June 30, 2010

Audit Reference Number	Status of Prior Year Audit Findings
Finding 09-SA-3	<u>Recommendation</u> We recommend that the Department review this omission to sign all IEVS after review when no discrepancies are noted. We recommend that the Department attempt to determine why the current system of controls failed to prevent these exceptions and that the Department establish and communicate a policy designed to ensure that IEVS information is requested, received, and reviewed and that this review is documented in each case. <u>Status</u> Implemented
Finding 09-SA-4	<u>Recommendation</u> We recommend that the County review this instance of a missing case file, determine what may have led to its disappearance, and implement any necessary procedures to ensure documents are well organized and safeguarded. Such procedures may include using sign-out cards to be used by anyone removing a paper file from the file room and to immediately initiate an investigation when someone notices a file is missing. <u>Status</u> Implemented

**SUPPLEMENTARY SCHEDULE
OF
THE CALIFORNIA EMERGENCY
MANAGEMENT AGENCY GRANTS EXPENDITURES**

COUNTY OF ALPINE

Supplementary Schedule of the California Emergency Management Agency Grants Expenditures For the Year Ended June 30, 2010

California Emergency Management Agency Grants

The following represents expenditures for California Emergency Management Agency (Cal EMA) programs for the year ended June 30, 2010. The amount reported in the Schedule of Expenditures of Federal Awards is determined by calculating the federal portion of the current year expenditures.

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through June 30, 2009	For the Year Ended June 30, 2010	Cumulative As of June 30, 2010	Federal Share	State Share	County Share
<u>VW09100020 - Victim Witness Program</u>						
Personal services	\$ --	\$ 27,607	\$ 27,607	\$ 27,607	\$ --	\$ --
Operating expenses	--	8,385	8,385	8,385	--	--
Totals	<u>\$ --</u>	<u>\$ 35,992</u>	<u>\$ 35,992</u>	<u>\$ 35,992</u>	<u>\$ --</u>	<u>\$ --</u>
<u>VP08090020 - Vertical Prosecution</u>						
Personal services	\$ --	\$ 8,633	\$ 8,633	\$ --	\$ 8,633	\$ --
Operating expenses	--	27,111	27,111	--	27,111	--
Totals	<u>\$ --</u>	<u>\$ 35,744</u>	<u>\$ 35,744</u>	<u>\$ --</u>	<u>\$ 35,744</u>	<u>\$ --</u>
<u>DC08190020 - Anti-Drug Abuse Grant</u>						
Operating expenses	\$ --	\$ 17,200	\$ 17,200	\$ 17,200	\$ --	\$ --
Totals	<u>\$ --</u>	<u>\$ 17,200</u>	<u>\$ 17,200</u>	<u>\$ 17,200</u>	<u>\$ --</u>	<u>\$ --</u>
<u>DC09200020 - Anti-Drug Abuse Grant</u>						
Operating expenses	\$ --	\$ 146,879	\$ 146,879	\$ 146,879	\$ --	\$ --
Totals	<u>\$ --</u>	<u>\$ 146,879</u>	<u>\$ 146,879</u>	<u>\$ 146,879</u>	<u>\$ --</u>	<u>\$ --</u>